

Message Text

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ACTION EB-07

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FM AMEMBASSY DAKAR

TO SECSTATE WASHDC 6328

UNCLAS DAKAR 5454

E.O. 11652: N/A

TAGS: BEXP, EINV, SG

SUBJ: VISIT CHASE MANHATTAN TO SENEGAL

REF DAKAR 625

1. CHASE MANHATTAN INVESTMENT CORP VP MICHAEL LYALL VISITED SENEGAL WEEK OF JULY 26 TO PRESENT FEASIBILITY STUDY ON PROPOSED TEXTILE COMPLEX AND OBTAIN GOS AGREEMENT TO PROCEED WITH FINANCING. PROJECT HAS NOW BEEN APPROVED IN PRINCIPLE BY GOS. ALLIED WITH CHASE THUS FAR ON PROJECT ARE EUROP-CONTINENT S.A., FRENCH TRADING FIRM, AND MAURER TEXTILES S.A. OF GENEVA, EUROPEAN TEXTILE CONSULTANTS. MAURER WILL DRAW UP SPECIFICATIONS FOR PLANT AND SHORT LIST OF SUPPLIERS FOR \$35 MILLION PLANT. ACCORDING TO LYALL, CHASE AND MAURER PREFER EUROPEAN TEXTILE MACHINERY BECAUSE OF SHORTER DELIVERY TIMES AND "LESS COMPLICATED FINANCING PROCEDURES AT EUROPEAN EXPORT BANKS IN COMPARISON TO EXIM BANK".

2. PLANT WILL COST \$32.5 MILLION, OF WHICH \$8.8 MILLION IS EQUITY, \$9.6 MILLION IS SUPPLIER CREDIT, AND REMAINDER IS DEBT TO BE AMORTISED IN 7/15 YEARS. NO DEFINITE OWNERSHIP OR FINANCING PLAN HAS BEEN DEvised, BY LYALL ASSURED EMOFFS THAT EUROPEAN INVESTMENT
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BANK, ARAB BANK FOR INVESTMENT IN AFRICA, AND OTHER

EUROPEAN BANKS, IN ADDITION TO CHASE AND SENEGALESE GOVERNMENT, WOULD BE ABLE TO ASSEMBLE FINANCIAL PACKAGE. PLANT TO EMPLOY 1600, USE LOCALLY AVAILABLE COTTON (1,500 MT PER YEAR) AND SYNTHETIC FIBER IMPORTS (350 MT PER YEAR) TO PRODUCE MIX OF FINISHED PIECE GOODS DESTINED EXCLUSIVELY FOR EXPORT. ANNUAL PROJECTED GROSS OUTPUT VALUED AT \$13 MILLION.

3. LYALL SUGGESTS U.S. FIRMS INTERESTED AND CAPABLE OF ASSEMBLING TURNKEY TEXTILE PLANT CONTACT MAURER AT 3 RUE DU CONSEIL GENERAL, GENEVA. HOWEVER, CHASE DOES NOT WANT PROJECT WIDELY PUBLICIZED AT THIS TIME. (I.E. PUBLISHED COMMERCE AMERICA UNTIL FINANCING IN PLACE).

4. ACCOMPANYING LYALL WERE CEDRIC STAINER AND ROBERT JOHNSON OF THE FULLER COMPANY (DIVISION GENERAL AMERICAN TRANSPORTATION CORP), 124 BRIDGE ST., CATASAUQUA, PENNSYLVANIA 18032 (PHONE 215-264-6379). FULLER DISCUSSED POSSIBILITY OF CONSTRUCTING SECOND CEMENT PLANT IN SENEGAL WITH CHASE FINANCING. PLANT WOULD PRODUCE 600,000 MT PER YEAR BASED ON LOCAL LIMESTONE DEPOSITS (COST ESTIMATED \$70 MILLION.) KAISER INDUSTRIES IS ALSO INTERESTED IN CONSTRUCTING THIS PLANT. GEOLOGICAL STUDY BEING PREPARED BY GOS. APPRECIATE ANY INFO AVAILABLE ON FULLER. DAVIS

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